

## Message Text

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ORIGIN EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 ISO-00 L-03 FRB-03  
OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05  
CIAE-00 COME-00 INR-07 IO-13 LAB-04 NSAE-00  
SIL-01 STR-04 TRSE-00 CEA-01 SS-15 SIG-01 PA-01  
PRS-01 /110 R

DRAFTED BY EB/ICD/TRP:MMWALL:SKW

APPROVED BY EB/ICD/TRP:TJO'DONNELL

COMMERCE:RIVES

USDA/FAS:RMCCONNELL

TREASURY:DCRAFTS

ARA/ECP:WBURSON

AF/EPS:DMCCELLAN

-----064083 260538Z /15

R 252212Z AUG 77

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMCONSUL RIO DE JANEIRO

AMEMBASSY ABIDJAN

AMEMBASSY NAIROBI

AMEMBASSY BOGOTA

AMEMBASSY SAN SALVADOR

AMEMBASSY MEXICO

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E.O. 11652: NA

TAGS: ETRD, ECON, EAGR

SUBJECT:COFFEE: GUIDANCE FOR NAIROBI ICO MEETING

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REF: LONDON 3571; STATE 163693

1. THE FORTHCOMING MEETING OF THE EXECUTIVE BOARD OF THE INTERNATIONAL COFFEE ORGANIZATION IN NAIROBI TAKES PLACE AFTER COFFEE PRICES HAVE FALLEN SHARPLY DUE TO IMPROVED SUPPLY PROSPECTS, HEALTHY INVENTORIES IN CONSUMING COUNTRIES, AND INDICATIONS OF CONSUMPTION CUTBACKS. THE PRICE

DECLINE HAS RAISED THE SERIOUS CONCERN OF PRODUCING COUNTRIES AND PROMPTED A MEXICAN PROPOSAL TO ESTABLISH A STUDY GROUP IN THE ICO ON A BUFFER STOCK FUND. UNFORTUNATELY, PRESS REPORTS HAVE BADLY MISREPRESENTED THE MOST RECENT MEETING OF THE LATIN AMERICAN PRODUCERS IN MEXICO CITY AS AN ATTEMPT TO FORM A CARTEL. WE HOPE THE DISCUSSIONS IN THE EXECUTIVE BOARD CAN HELP PUT THE MEXICAN INITIATIVE IN PROPER PERSPECTIVE AND PROVIDE FOR A ROUTINE REVIEW OF THE TECHNICAL ISSUES FACING THE INTERNATIONAL COFFEE AGREEMENT.

2. ON SPECIFIC AGENDA ITEMS, WE SUPPORT THE COMMUNICATION FROM THE INTERNATIONAL ORGANIZATION ON STANDARDIZATION.

THE U.S. HOPES THE STUDY ON LONG TERM SUPPLY/DEMAND CAN BE COMPLETED IWTHOUT DELAY. WE WOULD NOT FAVOR USING QUOTATIONS FOR ANGOLAN COFFEES IN THE ICO INDICATOR PRICE UNTIL THEIR TRADE BECOMES MORE REGULAR. ON THE CERTIFCATES OF ORIGIN SYSTEM, OUR POSITION CONTINUES TO BE TO COOPERATE FULLY BUT NOT TO REQUIRE THAT THE ORIGINALS OF CERTIFICATES BE PRESENTED AT THE TIME COFFEE IS IMPORTED. ON THE MEXICAN STABILIZATION FUND PROPOSAL, WE ARE PREPARED TO SUPPORT A RESOLUTION CALLING FOR THE EXECUTIVE DIRECTOR TO DRAW UP TERMS OF REFERENCE FOR A STUDY GROUP. HOWEVER, WE BELIEVE THE TERMS OF REFERENCE SHOULD BE BROAD ENOUGH TO ALLOW FOR CONSIDERATION OF ALL MEASURES TO MODERATE LIMITED OFFICIAL USE

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PRICE FLUCTUATIONS, NOT JUST BUFFER STOCK FUNDING.

3. THE U.S. BELIEVES THE RECENT DECLINE IN COFFEE PRICES TO ABOUT \$2.00 A POUND IS A NORMAL MARKET ADJUSTMENT AND A HEALTHY DEVELOPMENT FOR THE LONG TERM VIABILITY OF THE INDUSTRY. HOWEVER, WE WOULD STRONGLY OPPOSE ANY SUGGESTIONS THAT WORLD COFFEE PRICES SHOULD BE STABILIZED AT CURRENT LEVELS.

4. THE FOREGOING MAY BE USED FOR GUIDANCE. CHRISTOPHER

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NNN

## Message Attributes

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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Markings:**  
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